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COOK COUNTY CLERK'S OFFICE
PROPERTY RECORDS SECTION

2083 SSC

Property of Cook County Clerk's Office

SUBORDINATION AGREEMENT

AFTER RECORDING RETURN TO BOX 430

Box 430

1300

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SUBORDINATION AGREEMENT
("City of Chicago DOH Loan")

THIS SUBORDINATION AGREEMENT (this "Agreement") is entered into this 17th day of November, 1997 by and among (i) Enterprise Mortgage Investments, Inc., a Maryland corporation (the "Senior Lender"), (ii) the City of Chicago, Illinois, an Illinois municipal corporation (the "Subordinate Lender"), and (iii) Parkside Terraces Limited Partnership, an Illinois limited partnership ("Borrower").

Recitals

A. The Senior Lender has made or is making a loan to the Borrower in the original principal amount of \$585,000.00 (the "First Mortgage Loan"). The First Mortgage Loan is or will be secured by a first mortgage loan (the "First Mortgage") on a multifamily housing project located in Chicago, Illinois (the "Property"). The Property is more fully described in Exhibit A attached hereto. The Borrower's obligation to repay the First Mortgage Loan is evidenced by a Multifamily Note dated November 17, 1997 together with all addenda (the "First Mortgage Note"), and is due in full on December 1, 2022.

B. The Subordinate Lender has made or is making a subordinate loan to the Borrower in the original principal amount of \$3,613,138.00 (the "Subordinate Loan"). The Subordinate Loan is or will be secured by that certain Junior Mortgage, Security Agreement and Financing Statement together with that certain Assignment of Rents and Leases (the "Subordinate Mortgage") against the Property. The Borrower's obligation to repay the Subordinate Loan is evidenced by a Note dated December 1, 1995 together with all addenda (the "Subordinate Note"), and is due in full on December 1, 2022.

C. The Senior Lender has agreed for the Subordinate Loan to be, or to have been, made by the Subordinate Lender and for the Subordinate Mortgage to be, or to have been, placed against the Property, subject to all of the conditions contained in this Agreement.

D. The Senior Lender intends to sell, transfer and deliver the First Mortgage Note and assign the First Mortgage to Federal National Mortgage Association ("Fannie Mae").

NOW, THEREFORE, in order to induce the Senior Lender to make the First Mortgage Loan to the Borrower, and to confirm and specify the terms and conditions under which the Subordinate Loan is subordinate to the First Mortgage Loan, and in consideration thereof, the Senior Lender, the Subordinate Lender and the Borrower agree as follows:

1. Definitions.

In addition to the terms defined in the Recitals to this Agreement, for purposes of this Agreement the following terms have the respective meanings set forth below:

"Affiliate" means, when used with respect to a Person, any corporation, partnership, joint venture, trust or individual controlled by, under common control with, or which controls such Person (the term "control" for these purposes shall mean the ability, whether by the ownership of shares or other equity interests, by contract or otherwise, to elect a majority of the directors of a corporation, to make management decisions on behalf of, or independently to select the managing partner of, a partnership, or otherwise to have the power independently to remove and

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then select a majority of those individuals exercising managerial authority over an entity, and control shall be conclusively presumed in the case of the ownership of 50% or more of the equity interests).

"Borrower" means the Person named as such in the first paragraph of this Agreement and any other Person (other than the Senior Lender) who acquires title to the Property after the date of this Agreement.

"Business Day" means any day other than Saturday, Sunday, a day on which the Senior Lender is not open for business, or a day that the Subordinate Lender's general business offices are not open for business.

"First Mortgage Loan Default" means a default by the Borrower in performing or observing any of the terms, covenants or conditions in the First Mortgage Loan Documents to be performed or observed by it, which continues beyond any applicable period provided in the First Mortgage Loan Documents for curing the default.

"First Mortgage Loan Documents" means the First Mortgage Note and all other documents evidencing or securing the First Mortgage Loan.

"Person" means an individual, estate, trust, partnership, corporation, governmental department or agency or any other entity which has the legal capacity to own property.

"Senior Lender" means the Person named as such in the first paragraph on page 1 of this Agreement. When Fannie Mae or any other Person becomes the legal holder of the First Mortgage Note, Fannie Mae or such other Person shall automatically become the Senior Lender as, and to the extent, its interests may exist.

"Subordinate Lender" means the Person named as such in the first paragraph of this Agreement and any other Person who becomes the legal holder of the Subordinate Note after the date of this Agreement.

"Subordinate Loan Default" means a default by the Borrower in performing or observing any of the terms, covenants or conditions in the Subordinate Loan Documents to be performed or observed by it, which continues beyond any applicable period provided in the Subordinate Loan Documents for curing the default.

"Subordinate Loan Documents" means the Subordinate Note, the Subordinate Mortgage, and all other documents evidencing and securing the Subordinate Loan.

2. Subordinate Mortgage as Mortgage Lien Against Property.

The Senior Lender agrees, subject to the provisions of this Agreement, to the recording of the Subordinate Mortgage against the Property to secure the Borrower's obligation to repay the Subordinate Note. Such agreement by the Senior Lender is subject to the condition that each of the representations and warranties made by the Borrower in Section 4 is true and correct on the date of this Agreement, and with respect to any proceeds not disbursed to the Borrower on the date of this Agreement, as of the date on which such proceeds of the Subordinate Loan are disbursed to the Borrower. If any of the representations and warranties made by the Borrower in Section 4 is not true and correct on both of

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those dates, the provisions of the First Mortgage Loan Documents applicable to unpermitted liens on the Property shall apply.

3. Regulatory Agreement.

The Senior Lender and the Borrower acknowledge and agree that the Subordinate Lender's Regulatory Agreement, dated as of December 1, 1995, shall be, or shall have been, recorded prior to the First Mortgage and will thus constitute a lien superior to that of the First Mortgage.

4. Borrower's Representations and Warranties.

The Borrower represents and warrants to the Senior Lender and the Subordinate Lender that the Subordinate Lender is not an Affiliate of the Borrower. The Borrower further represents and warrants to the Senior Lender: (i) the stated term of the Subordinate Note does not end before the stated term of the First Mortgage Note; and, (ii) the executed Subordinate Loan Documents are in the exact form submitted to, and approved by, Fannie Mae prior to the date of this Agreement.

5. Terms of Subordination.

The Senior Lender and the Subordinate Lender agree that (i) the indebtedness evidenced by the Subordinate Loan Documents is and shall be subordinated in right of payment, to the extent and in the manner provided in this Agreement, to the prior payment in full of the indebtedness evidenced by the First Mortgage Loan Documents, and (ii) the Subordinate Mortgage is and shall be subject and subordinate in all respects to the liens, terms, covenants and conditions of the First Mortgage and to all advances heretofore made or which may hereafter be made pursuant to the First Mortgage (including but not limited to, all sums advanced for the purposes of (x) protecting or further securing the lien of the First Mortgage, curing defaults by the Borrower under the First Mortgage Loan Documents or for any other purpose expressly permitted by the First Mortgage or (y) constructing, renovating, repairing, furnishing, fixturing or equipping the Property); provided, however, without the written approval of the Subordinate Lender, the Subordinate Lender's interests will not be subordinated to the extent that the aggregate of such advances (exclusive of advances for taxes, insurance, and accrued interest) exceeds 25 percent of the original principal amount of the First Mortgage Loan.

6. Default Under Subordinate Loan Documents.

(a) **Notice of Default and Cure Rights.** The Subordinate Lender agrees to use reasonable efforts to deliver a written notice of each Subordinate Loan Default to the Senior Lender after it has knowledge of the occurrence of a Subordinate Loan Default for which written notice is given to the Borrower. The Senior Lender shall have the right, but not the obligation, to cure any Subordinate Loan Default within the same time period for curing a default which is given to the Borrower under the Subordinate Loan Documents.

(b) **Cross Default.** The Borrower agrees, and the Subordinate Lender acknowledges, that a Subordinate Loan Default shall constitute a default under the First Mortgage Loan Documents, and the Senior Lender shall have the right to exercise all rights or remedies under the First Mortgage Loan Documents in the same manner as in the case of any other default thereunder.

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7. **Default Under First Mortgage Loan Documents.**

(a) **Notice of Default and Cure Rights.** The Senior Lender agrees to use reasonable efforts to deliver a written notice of each First Mortgage Loan Default to the Subordinate Lender after it has knowledge of the occurrence of a First Mortgage Loan Default for which written notice is given to the Borrower. The Subordinate Lender shall have the right, but not the obligation, to cure any First Mortgage Loan Default within the same time period for curing a default which is given to the Borrower under the First Mortgage Loan Documents.

(b) **Cross Default.** The Subordinate Lender agrees that, notwithstanding any contrary provision contained in the Subordinate Loan Documents, a First Mortgage Loan Default shall not constitute a default under the Subordinate Loan Documents if no other default occurred under the Subordinate Loan Documents until either (i) the Senior Lender has accelerated the maturity of the First Mortgage Loan, or (ii) the Senior Lender has taken affirmative action to exercise its rights under the First Mortgage to collect rent, to appoint (or seek the appointment of) a receiver or to foreclose on (or to exercise a power of sale contained in) the First Mortgage. At any time after a First Mortgage Loan Default becomes a default under the Subordinate Loan Documents, the Subordinate Lender shall be permitted to pursue its remedies for default under the Subordinate Loan Documents, subject to the restrictions and limitations of this Agreement. If at any time the Borrower cures any First Mortgage Loan Default to the satisfaction of the Senior Lender, any default under the Subordinate Loan Documents arising from such First Mortgage Loan Default shall be deemed cured and the Subordinate Loan shall be retroactively reinstated as if such First Mortgage Loan Default had never occurred.

8. **Conflict.**

The Borrower and the Subordinate Lender each agrees that, in the event of any conflict or inconsistency between the terms of the First Mortgage Loan Documents, the Subordinate Loan Documents and the terms of this Agreement, the terms of this Agreement shall govern and control: (i) the relative priority of the security interests of the Senior Lender and the Subordinate Lender in the Property; (ii) the timing of the exercise of remedies by the Senior Lender and the Subordinate Lender under the First Mortgage and the Subordinate Mortgage, respectively; and (iii) the notice requirements, cure rights, and the other rights and obligations which the Senior Lender and the Subordinate Lender have agreed to as expressly provided in this Agreement.

9. **Rights and Obligations of the Subordinate Lender Upon Condemnation or Casualty.**

In the event of (i) a taking or threatened taking by condemnation or other exercise of eminent domain of all or a portion of the Property (collectively, a "Taking"), or (ii) the occurrence of a fire or other casualty resulting in damage to all or a portion of the Property (collectively, a "Casualty"), at any time or times when the First Mortgage remains a lien on the Property the following provisions shall apply:

(1) The Subordinate Lender hereby agrees that its rights (under the Subordinate Loan Documents or otherwise) to participate in any proceeding or action relating to a Taking and/or a Casualty, or to participate or join in any settlement of, or to adjust, any claims resulting from a Taking or a Casualty shall be and remain subordinate in all respects to the Senior Lender's rights under the First Mortgage Loan Documents with respect thereto, and the Subordinate Lender shall be bound by any settlement or adjustment of a claim resulting from a Taking or a Casualty made by the Senior Lender; and

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(2) All proceeds received or to be received on account of a Taking or a Casualty, or both, shall be applied (either to payment of the costs and expenses of repair and restoration or to payment of the First Mortgage Loan) in the manner determined by the Senior Lender in its sole discretion; provided, however, that if the Senior Lender elects to apply such proceeds to payment of the principal of, interest on and other amounts payable under the First Mortgage Loan, any proceeds remaining after the satisfaction in full of the principal of, interest on and other amounts payable under the First Mortgage Loan shall be paid to, and may be applied by, the Subordinate Lender in accordance with the applicable provisions of the Subordinate Loan Documents, provided however, the Senior Lender agrees to consult with the Subordinate Lender in determining the application of Casualty proceeds, provided further however that in the event of any disagreement between the Senior Lender and the Subordinate Lender over the application of Casualty proceeds, the decision of the Senior Lender, in its sole discretion, shall prevail.

Subject to each of the other terms of this Agreement, the preceding provisions of this Paragraph 9 shall supersede any provisions of the Subordinate Loan Documents covering the same subject matter.

10. Modification of First Mortgage Loan Documents and Subordinate Loan Documents.

The Borrower agrees not to amend or modify any provision of the respective loan documents of the Senior Lender and the Subordinate Lender without the written consent of both the Senior Lender and the Subordinate Lender.

11. Default by the Subordinate Lender or by the Senior Lender.

If the Subordinate Lender defaults in performing or observing any of the terms, covenants or conditions to be performed or observed by the Subordinate Lender under this Agreement, the Senior Lender shall have the right to all available legal and equitable relief. If the Senior Lender defaults in performing or observing any of the terms, covenants or conditions to be performed or observed by the Senior Lender under this Agreement, the Subordinate Lender shall have the right to all available legal and equitable relief.

12. Subordinate Financing Terms.

This Agreement does not limit any of the Borrower's rights to negotiate the terms of the Subordinate Loan Documents with the Subordinate Lender.

13. Notices.

Each notice, request, demand, consent, approval or other communication (hereinafter in this Section referred to collectively as "notices" and referred to singly as a "notice") which a party is required or permitted to give to another party pursuant to this Agreement shall be in writing and shall be deemed to have been duly and sufficiently given if (a) personally delivered with proof of delivery thereof (any notice so delivered shall be deemed to have been received at the time so delivered), or (b) sent by Federal Express (or other similar national overnight courier) designating early morning delivery (any notice so delivered shall be deemed to have been received on the next Business Day following receipt by the courier), (c) sent by United States registered or certified mail, return receipt requested, postage prepaid, at a post office regularly maintained by the United States Postal Service (any notice so sent shall be deemed to have been received two days after mailing in the United States), or (d) transmitted by telecopier, addressed to the respective parties as follows:

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SENIOR LENDER:

Enterprise Mortgage Investments, Inc.
10227 Wincopin Circle, Suite 830
Columbia, Maryland 21044
Telecopier No.: (410) 964-1376
Attention: Vice President

With copies to:

Federal National Mortgage Association

One South Wacker Drive, Suite 1300
Chicago, IL 60606
Telecopier No.: 312/368-6686
Attention: Vice President, Multifamily Activities

Federal National Mortgage Association
Office of Regional Counsel

One South Wacker Drive, Suite 1300
Chicago, IL 60606
Telecopier No.: 312/368-6056
Attention: Vice President, Regional Counsel

SUBORDINATE LENDER:

City of Chicago
Department of Housing
318 South Michigan Avenue, 6th Floor
Chicago, IL 60604
Telecopier No.: 312/747-1670
Attention: Commissioner

With copies to:

Office of the Corporation Counsel
City of Chicago
121 North LaSalle Street, Room 511
Chicago, IL 60602
Telecopier No.: 312/744-8538
Attention: Finance & Economic Development Div.

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(g) **Term.** The term of this Agreement shall commence on the date hereof and shall continue until the earliest to occur of the following events: (i) the payment of all of the principal of, interest on and other amounts payable under the First Mortgage Loan Documents; (ii) the payment of all of the principal of, interest on and other amounts payable under the Subordinate Loan Documents; (iii) the acquisition by the Senior Lender of title to the Property pursuant to a foreclosure, or a deed in lieu of foreclosure, of (or the exercise of a power of sale contained in) the First Mortgage pursuant to the terms of this Agreement; or (iv) the acquisition by the Subordinate Lender of title to the Property pursuant to a foreclosure, or a deed in lieu of foreclosure, of (or the exercise of a power of sale contained in) the Subordinate Mortgage pursuant to the terms of this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first written above.

SENIOR LENDER:

ENTERPRISE MORTGAGE INVESTMENTS, INC.,
a Maryland corporation

By: _____

Jeffrey R. Stern
Jeffrey R. Stern, Vice President

SUBORDINATE LENDER:

CITY OF CHICAGO, ILLINOIS

By: _____

Name: _____

Title: Commissioner, Department of Housing

BORROWER:

PARKSIDE TERRACES LIMITED PARTNERSHIP,
an Illinois limited partnership

By: Shorebank Development Corporation, Chicago,
a Delaware corporation, its sole General Partner

By: _____

Linda Grace
Linda Grace, Vice President

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(g) **Term.** The term of this Agreement shall commence on the date hereof and shall continue until the earliest to occur of the following events: (i) the payment of all of the principal of, interest on and other amounts payable under the First Mortgage Loan Documents; (ii) the payment of all of the principal of, interest on and other amounts payable under the Subordinate Loan Documents; (iii) the acquisition by the Senior Lender of title to the Property pursuant to a foreclosure, or a deed in lieu of foreclosure, of (or the exercise of a power of sale contained in) the First Mortgage pursuant to the terms of this Agreement; or (iv) the acquisition by the Subordinate Lender of title to the Property pursuant to a foreclosure, or a deed in lieu of foreclosure, of (or the exercise of a power of sale contained in) the Subordinate Mortgage pursuant to the terms of this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first written above.

SENIOR LENDER:

ENTERPRISE MORTGAGE INVESTMENTS, INC.,
a Maryland corporation

By: _____
Jeffrey R. Stern, Vice President

SUBORDINATE LENDER:

CITY OF CHICAGO, ILLINOIS

By: _____
Name: _____
Title: Commissioner, Department of Housing

BORROWER:

PARKSIDE TERRACES LIMITED PARTNERSHIP,
an Illinois limited partnership

By: Shorebank Development Corporation, Chicago,
a Delaware corporation, its sole General Partner

By: _____
Linda Brace, Vice President

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STATE OF MARYLAND)ss:

The foregoing instrument was acknowledged before me this _____ day of November 1997 By Jeffrey R. Stern, Vice President of Enterprise Mortgage Investments, Inc., a Maryland corporation, on behalf of the corporation.

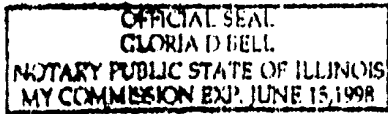
My Commission Expires:

Notary Public

STATE OF ILLINOIS, COOK COUNTY)ss:

The foregoing instrument was acknowledged before me this 19th day of November, 1997 by said, Commissioner, Department of Housing of the City of Chicago, Illinois, an Illinois municipal corporation, on behalf of said municipal corporation.

My Commission Expires:



Gloria D. Bell
Notary Public

STATE OF ILLINOIS, COOK COUNTY)ss:

The foregoing instrument was acknowledged before me this _____ day of November, 1997 by Linda Brace, Vice President of Shorebank Development Corporation, Chicago, a Delaware corporation, on behalf of Parkside Terraces Limited Partnership, an Illinois limited partnership.

My Commission Expires:

Notary Public

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STATE OF MARYLAND)ss: *Carroll*

The foregoing instrument was acknowledged before me this 17th day of November 1997 By Jeffrey R. Stern, Vice President of Enterprise Mortgage Investments, Inc., a Maryland corporation, on behalf of the corporation.

My Commission Expires: 9/12/09

Mary Keszley Zeigle
Notary Public

STATE OF ILLINOIS, COOK COUNTY)ss:

The foregoing instrument was acknowledged before me this _____ day of _____, 1997 by _____, Commissioner, Department of Housing of the City of Chicago, Illinois, an Illinois municipal corporation, on behalf of said municipal corporation.

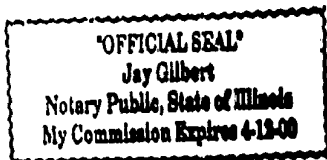
My Commission Expires:

Notary Public

STATE OF ILLINOIS, COOK COUNTY)ss:

The foregoing instrument was acknowledged before me this 17th day of November, 1997 by Linda Brace, Vice President of Shorebank Development Corporation, Chicago, a Delaware corporation, on behalf of Parkside Terraces Limited Partnership, an Illinois limited partnership.

My Commission Expires:



Jay Gilbert
Notary Public

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MAR 11 2014
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EXHIBIT A

LEGAL DESCRIPTION

***PARCEL 1:

LOTS 40 AND 41 (EXCEPT THE EAST 7 FEET OF SAID LOTS CONVEYED TO THE TOWN OF CICERO FOR STREET) IN BLOCK 2 IN HENRY WALLER'S SUBDIVISION OF THE SOUTH 43 3/4 ACRES OF THE EAST HALF OF THE SOUTHEAST QUARTER OF SECTION 8, TOWNSHIP 39 NORTH, RANGE 13, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL 2:

THE SOUTH HALF OF LOT 9 AND ALL OF LOTS 10 AND 11 AND THE NORTH HALF OF LOT 12 IN BLOCK 1 IN HENRY WALLER'S SUBDIVISION OF THE SOUTH 43 3/4 ACRES OF THE EAST HALF OF THE SOUTHEAST QUARTER OF SECTION 8, TOWNSHIP 39 NORTH, RANGE 13, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL 3:

LOTS 38 AND 39 (EXCEPT THE EAST 7 FEET OF SAID LOTS CONVEYED TO THE TOWN OF CICERO FOR STREET) IN BLOCK 2 IN HENRY WALLER'S SUBDIVISION OF THE SOUTH 43 3/4 ACRES OF THE EAST HALF OF THE SOUTHEAST QUARTER OF SECTION 8, TOWNSHIP 39 NORTH, RANGE 13, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.***

PERMANENT REAL ESTATE INDEX NUMBERS:

PERMANENT REAL ESTATE INDEX NO. 16-08-416-024
Affects: Parcel 1

PERMANENT REAL ESTATE INDEX NO. 16-08-417-007
Affects: Parcel 2

PERMANENT REAL ESTATE INDEX NO. 16-08-416-023
Affects: Parcel 3

COMMONLY KNOWN AS:

128 THROUGH 132 NORTH PARKSIDE AND
143 NORTH PARKSIDE
CHICAGO, ILLINOIS, 60644

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